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ABSTRACT

A recent survey of the 50 states showed a wide variation in buy-back provisions for emigrating teachers who wish to apply prior service from another state toward their pension plan in the state to which they have moved. A chart shows the number of years of buy-back allowed and the specific requirements for claiming them in each of the states, listed in alphabetical order. Sixteen states have no buy-back provision at all, while others have buy-back limitations ranging from 4 to 15 years; 6 states have no limit on the number of years allowed, if individual provisions of the fund are met. On account of this great diversity, the author recommends the development of a "National Mobile Educator Retirement Fund" for those who need it, so that all educators may reap their appropriate reward for a lifetime of service to the profession. (TE)

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LET'S HAVE A NATIONAL RETIREMENT PROGRAM FOR MOBILE EDUCATORS

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10 February 1984

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Let's Have A National Retirement Program for Mobile Educators

Perhaps as many as 25 per cent, admittedly a relatively small number of all teachers and administrators, have changed positions and moved to a second or subsequent state in the course of their careers. If they had enough years in the first state's retirement system they could vest their pension rights in that state. If they did not have the requisite minimum number of years they might be able to buy a specific number of years into the system, if that state allows such a "buy-back" provision.

A recent survey of the 50 states showed that many states allow no buy-back of prior service from another state. This situation exists in 16 states (Arizona, California, Florida, Hawaii, Idaho, Minnesota, Mississippi, New Hampshire, New York, Oklahoma, Oregon, Tennessee, Utah, Washington, Wisconsin, and Wyoming). If it is considered desirable to induce good, competent people to emigrate to any state in which they prefer or are required to move to practice their craft, then it would seem incumbent upon the educators in these states to exert the effort necessary to modify the provisions of their retirement system. People who have desired or were required to move to another state due to the transfer of a spouse, or due to RIF for example, generally are quite willing to pay the actuarial costs for being allowed this emolument. In fact, they can withdraw the money from the state fund where they previously worked and apply it to the state where they may be for the balance of their career.

The opportunity to be able to purchase prior service is not "double dipping" because when the money is withdrawn from the first state fund, all benefits are lost, even if the person could have vested. In those cases where the service was insufficient to vest, the person must usually withdraw his contributions within a certain period of time after leaving the teaching service.

There are almost as many variables in the amount of buy-back allowed in the rest of the states as there are states; however, the provision most frequently observed was a 10 year buy-back provision. In chronological order of ascendency of buy-back provisions we find the following:

1) Delaware allows 4 years of buy-back for prior out-of-state service.

2) Alabama, Louisiana, Montana, Nevada, New Mexico, Ohio and Rhode Island provide for a 5 year buy-back within specific parameters.

3) Indiana and Kentucky offer an 8 year buy-back provision.

4) Alaska, Connecticut, Georgia, Illinois, Kansas, Maine, Maryland, Massachusetts, Missouri, Nebraska, New Jersey, North Carolina, North Dakota, Texas, Vermont and West Virginia have 10 year buy-back provisions.

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5) Pennsylvania has a 12 year buy-back; Michigan has a 15 year buy-back; and Arkansas, Colorado, Iowa, South Carolina, South Dakota and Virginia have no limit on the number of years buy-back allowed, if the individual provisions of the funds are met.

The following chart shows the states, the number of years of buy-back allowed, and the specific requirements which must be met.

State	Years of Buy-back	Requirements for Buy-back of Prior Service
Alabama	5	After establishing 10 years of creditable service in Alabama
Alaska	10	Combined total of outside and military service; 15 years if BIA service is included
Arizona	0	No buy-back provision
Arkansas	10	Must be an active member with 10 or more years of service to buy-back
California	0	No buy-back except for exchange teaching
Colorado	Any number	After establishing 5 years of service credit as long as service is not vested
Connecticut	10	May buy-back within 5 years of entry into Connecticut, provided service is not vested and state in which service was rendered has similar provision
Delaware	4	Does not include part-time employment
Florida	0	Up to 4 years of retirement credit may be purchased for "wartime military service"
Georgia	10	Must be a member for 6 years, then may purchase one year of out-of-state for each year served after this time, maximum repurchase of 10 years
Hawaii	0	No buy-back provision
Idaho	0	No buy-back provision
Illinois	10	Must establish 3 years of Illinois service for each 2 years out-of-state and the out-of-state is followed by 5 years credit in Illinois
Indiana	8	One year out-of-state for each 3 years of Indiana service or 8 years, whichever is greater. Service outside the state prior to Indiana service is not creditable; service performed following Indiana service is, when the person returns to Indiana service. After 1965, 10 years of Indiana service necessary before claiming any out-of-state service

State	Years of Buy-back	Requirements for Buy-back of Prior Service
Iowa	Any number	Must be employed 4 or more years or achieve age 55 while working
Kansas	10	Must be purchased at least 3 years prior to retirement
Kentucky	8	One year of out-of-state credit may be purchased for each 2 years of Kentucky service
Louisiana	5	After 10 years of service in Louisiana
Maine	10	Last 10 years of service prior to retirement must be in Maine
Maryland	10	Purchase of out-of-state allowed in the year of retirement only
Massachusetts	10	While an active member
Michigan	15	Must have an equal number of years of employment in Michigan
Minnesota	0	No buy-back provision
Mississippi	0	No buy-back provision
Missouri	10	Must apply within 5 years of entry into Missouri, pay for out-of-state within the number of years as are purchased
Montana	5	After completing 5 years of service in Montana
Nebraska	10	Must be paid within 3 years of date of employment in Nebraska
Nevada	5	After 5 years of service in Nevada
New Hampshire	0	No buy-back provision
New Jersey	10	While an active member
New Mexico	5	While an active member
New York	0	No buy-back provision
North Carolina	10	One year of out-of-state may be purchased for each 2 years of North Carolina service, after 10 years of service in North Carolina and within 3 years of being eligible
North Dakota	10	After one year of service in North Dakota

State	Years of Buy-back	Requirements for Buy-back of Prior Service
Ohio	5	Must be full time contributing member for 1 year after the service to be purchased
Oklahoma	0	No buy-back provision
Oregon	0	No buy-back provision
Pennsylvania	12	While an active member
Rhode Island	5	Within first 3 years in Rhode Island
South Carolina	Any number	One year of in-state required for each year of out-of-state
South Dakota	Any number	Within 2 years of entering South Dakota
Tennessee	0	No buy-back provision
Texas	10	After 10 years of Texas service, one year out-of-state for each year of Texas service
Utah	0	No buy-back provision
Vermont	10	On a year for year basis
Virginia	Any number	Must have 5 years of service in Virginia
Washington	0	No buy-back unless service performed while on an official leave of absence
West Virginia	10	On a 1 for 2 year basis
Wisconsin	0	No buy-back provision
Wyoming	0	No buy-back provision

N. B. To compare provisions thoroughly it is recommended that readers consult the statutes governing each state's retirement system.

All states that allow buy-back of prior service specify that the years purchased cannot be used for computing the pension in another state.

With this great diversity from no buy-back to an unlimited buy-back, I call upon all of the major educational associations to form a coalition for the purpose of developing the first National Mobile Educators Retirement Fund as an alternative for those in the profession who need it. This alternative can improve the "golden years" for many educators who, when they retire, deserve to reap the full benefits of their years of service to the profession.

A Mobile Teachers Retirement Fund can also improve the future of greater and greater numbers of teachers and administrators around the country who are being RIF'd due to declining enrollment. As a practicing school superintendent I see greater numbers of good, competent educators leaving education for sales, insurance, private business, etc. If these competent professionals, perhaps our brightest young people, had the opportunity of transferring their pensions to another fund, they might consider moving to those parts of the country where there is still a shortage of certified teachers.

As it is now, voluntary mobility from one state to another is impeded by the educators' fear of forfeiting retirement benefits and RIF'd teachers often make a career decision in favor of a different profession. The rising incidence of burned-out teachers who are retiring early, and quitting outright, raises questions about the calibre of their replacements. There should be deep concern within the profession about the future of what used to be one of the most honored professions. There should also be deep concern that educators reap their appropriate rewards after contributing a lifetime of service to the profession, regardless of how many different states they work in during their career.

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